

NORTH CAROLINA
DURHAM COUNTY

**INTER-LOCAL AGREEMENT FOR THE ESTABLISHMENT
OF A SPORTS COMMISSION**

This Inter-local Agreement, (this “Agreement”) is made and entered into this ____ day of _____, 2016, by and between **DURHAM COUNTY** (“County”), the **CITY OF DURHAM** (“City”), the **DURHAM CONVENTION & VISITORS BUREAU** (“DCVB” and the **GREATER DURHAM CHAMBER OF COMMERCE** (“GDCC”);

WITNESSETH:

WHEREAS, a group of citizens met in January of 2014 to ponder whether or not Durham should have its own sports commission and what the benefits and drawbacks might be. From this meeting a task force was formed to study the feasibility of creating a sustainable Durham Sports Commission; and

WHEREAS, the task force, comprised of representatives from the City of Durham, Durham County, the Greater Durham Chamber of Commerce, Durham Convention & Visitors Bureau, Duke University, North Carolina Central University, the Durham County Stadium Authority, representatives of Durham’s local sports community and several other interested individuals met for more than a year; and

WHEREAS, the task force discovered the following facts:

- A recent economic impact study conducted by the National Association of Sports Commissions showed that amateur sports events generate nearly \$8 billion annually in the United States;
- Durham already has a presence in the “sports tourism” market, but with the formation of a sports commission, could greatly increase its visibility and impact;
- Visitors attending sports tourism events bring economic value to Durham. They spend money in hotels, restaurants, retail shops, entertainment and other visitor features;
- Sports tournaments and events provide positive media exposure to host destinations, and with proper leveraging, provide positive awareness of Durham as a place to visit and live;
- A vibrant community with multiple sports tourism events provides a solid foundation for identifying and attracting talent, a key economic development strategy;
- Over a 3-year startup period a sports commission has the potential of generating through its bookings, about \$2.6 million in local sales and occupancy tax revenues. If funded at the levels suggested, this will result in a return on investment for local government by a ratio of as much as 3 to 1. In other words, for every dollar invested in the sports

commission by local government, \$3 dollars of local sales and occupancy taxes will be returned;

- Hosting sports tourism events can improve the quality of life in communities. With additional visitors coming, there would be a need for additional facilities, whether those are sports facilities, hotels, restaurants or other services. Residents would receive the benefit of using these new facilities, as well;
- A sports commission would afford students at local educational institutions opportunities for training in the field of sports tourism, particularly through internships;
- The creation of a sports commission would assist in creating new sports tourism events which will help local leagues and teams raise funds by hosting tournaments and events. It would also allow these teams and their families to save money that they would have spent traveling to other communities and would give them a home team advantage. Further, as the demand grows, the tax base would expand which would also benefit local residents; and

WHEREAS, based on the above findings the task force recommends the creation of a Durham Sports Commission (DSC) whose mission will be to provide leadership for sports-based initiatives that will create a positive economic impact and improve the quality of life in Durham and the surrounding region; and

WHEREAS, in order to benefit from the potential positive impact that a sports commission can bring, Durham County, the City of Durham, the Greater Durham Chamber of Commerce and the Durham Convention & Visitors Bureau desire to jointly establish, fund, support and promote the Durham Sports Commission.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein and the mutual benefits to result therefrom, the parties hereby agree as follows:

1. **CREATION.** The parties hereto agree to establish a **DURHAM SPORTS COMMISSION (DSC)** within 120 days after authorization of both the County and the City, whose mission will be to provide leadership for sports based initiatives that will create a positive impact and quality of life in Durham and the surrounding region. DSC shall operate pursuant to bylaws developed by the Durham Convention & Visitors Bureau, approved by Greater Durham Chamber of Commerce, the County and the City, and adopted by the DSC Board of Directors. DSC, within 120 days of approval, shall apply to become a non-profit organization with Federal 501(c) (3) tax exempt status. The cost and filing fees for creating DSC as a non-profit, tax exempt organization, will be paid from the DSC budget.

2. **ORGANIZATIONAL STRUCTURE.** After creation, the DSC shall be governed by a nine (9) member Board of Directors. Durham County, the City of Durham and the Greater Durham Chamber of Commerce shall each appoint three (3) members to the Board of Directors. All appointments shall follow the existing procedure used by each party in making appointments.

In addition, the DSC Board of Directors shall establish an Advisory Board to support the work of the DSC and the recruitment and creation of events, as well as to advise DSC on policies. The Advisory Board shall be comprised of representatives of various sports entities and sports service providers. The number of members to the Advisory Board shall be determined by the DSC Board of Directors and the members shall serve rotating terms.

3. OPERATIONS. DSC will be operated by the DURHAM CONVENTION & VISITORS BUREAU (DCVB) pursuant to terms and conditions stated in this Agreement. The day to day operations shall be conducted by an Executive Director, who is to be hired and supervised by DCVB and confirmed by the DSC Board of Directors. The Executive Director, as soon as feasible, shall hire and supervise a Sports Service Coordinator. All personnel working for DSC shall be employees of DCVB.

4. FUNDING. Funding of DSC shall be linked to specific percentages of the increase in occupancy tax revenues. Funds invested in DSC will be used to attract more visitors which is expected to generate additional hotel occupancy taxes.

Occupancy taxes collected in 2014-15 shall be the base upon which funding calculations are made. There exists currently a 3% occupancy tax, a 2% occupancy tax and a 1% occupancy tax, all of which were authorized by the North Carolina General Assembly.

In 2014-15 \$9,826,758 in occupancy taxes were collected and distributed as follows:

To Durham County: 57½% of the 3% occupancy tax (authorized in 1985 to be used for any purpose authorized by law), which equaled \$2,825,193.

To the City of Durham: 42 ½% of the 3% occupancy tax (authorized in 1985 to be used for any purpose authorized by law), which equaled \$2,088,186.

To DCVB: 100% of the 2% occupancy tax (authorized in 1991 to be used to promote travel and tourism in Durham County), which equaled \$3,275,586.

To the City of Durham – the first \$1.4 million collected from the 1% occupancy tax (authorized in 2002 to finance the debt service associated with the construction of the Performing Arts Theater), which equaled \$1,400,000.

To Durham County – the next \$500,000 collected from the 1% occupancy tax (authorized in 2002 to be used for improvements to the Museum of Life and Science), which equaled \$48,817.

The DCVB, Durham County and City of Durham will use the following formula to fund the Durham Sports Commission:

- A. Durham Convention & Visitors Bureau agrees to make funds available to the Durham Sports Commission as follows:

In Year 1, July 1, 2016-June 30, 2017: Fifty percent (50%) of the new occupancy tax revenues collected during the 2015-16 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2015-16 actual occupancy tax revenues and multiplying that amount by 50%.

In Year 2, July 1, 2017-June 30, 2018: Forty Five percent (45%) of the new occupancy tax revenues collected during the 2016-17 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2016-17 actual occupancy tax revenues and multiplying that amount by 45%.

In Year 3, July 1, 2018-June 30, 2019: Forty percent (40%) of the new occupancy tax revenues collected during the 2017-18 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2017-18 actual occupancy tax revenues and multiplying that amount by 40%.

DCVB funds earmarked to operate the DSC are restricted to marketing and promotional activities as authorized in its enabling legislation. A budget will be prepared by DCVB and DSC staff annually and approved by the DSC Board of Directors.

- B. Durham County and the City of Durham agree to contribute funds to DCVB earmarked for the Durham Sports Commission as follows:

In Year 1, July 1, 2016-June 30, 2017: Thirty Three percent (33%) of the new occupancy tax revenues collected during the 2015-16 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2015-16 actual occupancy tax revenues and multiplying that amount by 33%.

In Year 2, July 1, 2017-June 30, 2018: Thirty percent (30%) of the new occupancy tax revenues collected during the 2016-17 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2016-17 actual occupancy tax revenues and multiplying that amount by 30%.

In Year 3, July 1, 2018-June 30, 2019: Twenty Five percent (25%) of the new occupancy tax revenues collected during the 2017-18 fiscal year. This is calculated by subtracting the base year occupancy tax revenues from 2017-18 actual occupancy tax revenues and multiplying that amount by 25%.

County and City funds earmarked to support the DSC are restricted to sponsorships, underwriting, bid fees, incentives and facility research. DCVB will send written notice to the County Finance Director and City Finance Director or their respective designees on or about August 1, 2016, 2017 and 2018 requesting the appropriate funds as per this agreement.

Funding of DSC is specifically detailed in Appendix 1 which is attached hereto and incorporated herein by reference as if fully set out above.

DSC, once operational, will seek funds from the private sector to enhance its operations. In addition, DSC will solicit support from foundations for support of special projects, particularly those that are youth related.

The parties agree that the County Finance Director and the City Finance Director or their respective designees, shall meet with DCVB and the DSC on an annual basis, to conduct a reconciliation of actual occupancy tax revenues, other income and expenses with respect to DSC for the preceding year.

5. TERM. This Agreement shall commence upon execution by all parties and shall end June 30, 2019. After the initial period, the parties shall evaluate the entire operation and determine the future involvement of the parties, if any.

6. ADDITIONAL OBLIGATIONS AND RESPONSIBILITIES.

A. THE GREATER DURHAM COUNTY CHAMBER OF COMMERCE agrees to the following:

- To appoint three representatives from the private sector who are knowledgeable of and willing to assist DSC in getting contributions of funds from the private sector in support of events and activities of DSC to the DSC Board of Directors.
- To assist DSC in obtaining contributions of funds from foundations and private businesses in support of the events and activities of DSC.

B. THE DURHAM CONVENTION & VISITORS BUREAU agrees to perform and provide the following:

- To produce a projected three year DSC budget to be used in applying for 501 (c) (3) tax exempt status.
- In conjunction with the DSC, to conduct a search for and hire a DSC Executive Director subject to DSC Board confirmation.
- To supervise and provide management / oversight of the DSC Executive Director and coordinate with the DSC for the Executive Director's annual performance review.
- To provide salaries and employee benefits for Staff of DSC.
- To provide office space for the DSC Executive Director and Staff and to provide office supplies, use of office equipment, marketing assistance, computers, software, internal technology support, website, etc.
- To provide accounting services, including accounts payable, accounts receivable, bank reconciliation and payroll processing.

- To provide audit of County and City funds for sponsorships, underwriting, bid fees, incentives and facility research.
- To provide for an annual, independent audit of the DSC.
- To share an Administrative Assistant.
- To provide use of DCVB's van(s).
- To provide training and human resources for the DSC Executive Director and Sports Service Coordinator.
- To provide marketing services to DSC.
- To coordinate sales activities and visitor services support related to sporting events promoted by the DSC.
- To provide services not otherwise mentioned in this Section 6 B, but included in Appendix 2 as Direct Expenses and In Kind Expenses.
- To assist DSC in developing an overall strategy for sports tourism including measureable goals and expected outcomes.
- To assist DSC in developing a comprehensive sports tourism service strategy to stimulate interest in attending sports tourism events in Durham.
- To assist DSC in developing and implementing tactics to attract sports events to Durham.
- To assist DSC in creating a complete inventory of all facilities and available venues in Durham capable of hosting sporting events.
- To assist the DSC in providing to the City of Durham and Durham County an annual report or formal presentation of the DSC including, but not limited to, activities of the DSC, achievements made including groups booked and serviced with attendance and visitor spending estimates, revenue and expenses, as well as an accounting of how City and County funds were expended.

C. EXPECTATIONS OF THE PARTIES: It is agreed that the parties will have the following expectations of the DSC once created:

- To participate in the recruiting and selection process for the DSC Executive Director.
- To confirm the appointment of the DSC Executive Director.

- To provide feedback to the DCVB on the performance of the DSC Executive Director.
- To seek funding from the private sector to enhance DSC operations.
- To solicit funds from foundations for support of special projects.
- To develop an overall strategy for sports tourism in Durham.
- To develop and implement tactics to attract sporting events to Durham.
- To complete and maintain an inventory of all facilities and available venues in Durham capable of hosting sporting events.
- To prepare and present an annual report and/or formal presentation of the DSC including, but not limited to, activities of the DSC, achievements made including groups booked and serviced with attendance and visitor spending estimates, revenue and expenses, as well as an accounting of how City and County funds were expended.
- To approve an annual budget covering all activities of the DSC for the ensuing fiscal year.

7. **MEASURABLE GOALS.** The parties agree that the following are measurable goals to be used by the parties in determining the over-all success of DSC after the initial term of this Agreement:

- The number of new sporting events booked including attendance, room nights generated, visitor spending, economic impact and local taxes generated.
- The number of new sporting events and groups serviced through activities such as attendance-building, media assistance, volunteer hours, welcome banners, information tables, etc.
- Developing and adhering to guidelines established by the DSC board for the percentage of locally-produced versus national/regional events and repeat versus new events.
- Other quality of life indicators tied to the City's and County's Strategic Plans.

8. **AMENDMENTS.** This Agreement may be amended at any time upon mutual written agreement of the parties. The County Commissioners and the City Council shall be the final authority in approving all amendments.

9. **GOVERNING LAW.** This agreement shall be governed by and in accordance with the laws of the State of North Carolina. All civil actions relating in any way to this Agreement shall be brought in the General Court of Justice in the County of Durham.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding between the parties and supersedes all prior understandings and agreements relating to the subject matter hereof.

IN WITNESS WHEREFORE this Agreement is executed as of the first date written above.

COUNTY OF DURHAM

ATTEST:

Wendell Davis, County Manager

V. Michelle Parker-Evans, Clerk to the Board

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

George K. Quick, Durham County Chief Financial Officer

CITY OF DURHAM

ATTEST:

Thomas J. Bonfield, City Manager

City Clerk

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

David Boyd, City of Durham Chief Financial Officer

DURHAM CONVENTION & VISITORS BUREAU

By: _____
Shelly Green, President and CEO, Durham Convention & Visitors Bureau

GREAT DURHAM CHAMBER OF COMMERCE

By: _____

